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***In Both Love and Fraud ...
Little Things Can Mean A Lot***

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ACFE
Educator of
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 College of DuPage

COD Audit
Committee

**Assistant Professor,
College of Business**



Most Recently:



Professor Fraud!



ProfessorFraud.com
Also: Facebook, Twitter and
YouTube

So Now To The Business At Hand: ***Little Things Can Mean A Lot***

- Small controls are sometimes ignored.
- But you do so at a your own risk!
- Some big scandals have been as a result of ignoring simple controls.
- The following cases illustrate this phenomena.
- Note: The cases are for illustrative and educational purposes only; some names and information have been changed to protect the innocent.

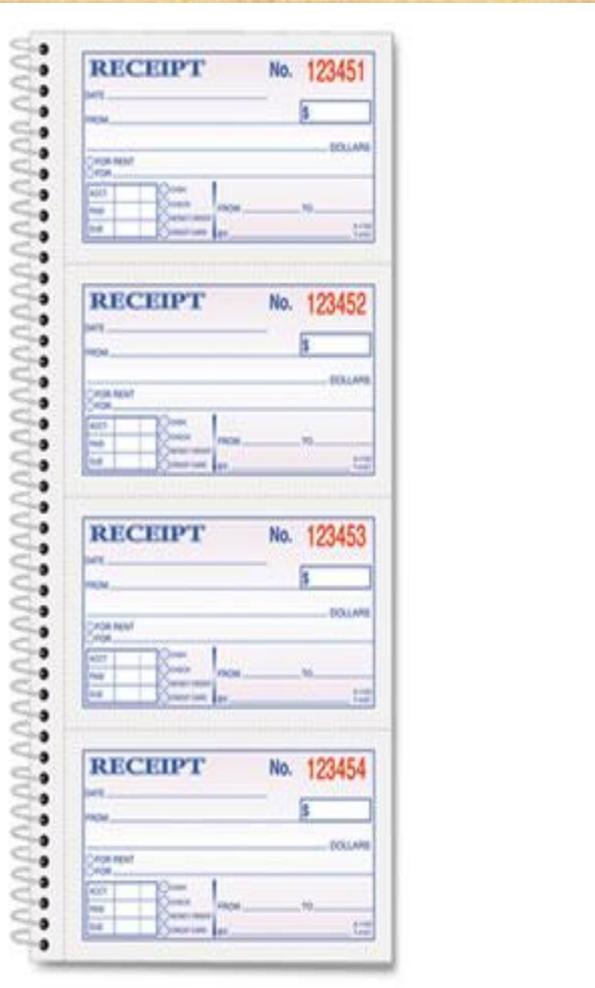
Case 1: The Case of the Jilted Girlfriend



The Proof



How He Did It: No Prenumbered Receipts



RECEIPT Date _____, 20____

Received from _____

_____ Dollars \$ _____

For _____

Am't of Acct	Paid Cash	By _____
Amount Paid	Check	
Balance Due	Money Order	

THANK YOU

RECEIPT Date _____, 20____

Received from _____

_____ Dollars \$ _____

For _____

Am't of Acct	Paid Cash	By _____
Amount Paid	Check	
Balance Due	Money Order	

THANK YOU

RECEIPT Date _____, 20____

Received from _____

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THANK YOU

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Received from _____

_____ Dollars \$ _____

For _____

Am't of Acct	Paid Cash	By _____
Amount Paid	Check	
Balance Due	Money Order	

THANK YOU

Case 2: Not Keeping Your “Eye” On Your Money

©CBS



The Case

Ex-Ch. 2 official is accused of stealing

\$1.8 million taken, lawsuit alleges

Chicago Tribune

A former financial official at WBBM-Ch. 2 allegedly stole \$1.8 million over several years from the CBS-TV affiliate, spending lavishly on cruises, jewelry, electronics and meals, Chicago police said Tuesday.

WBBM's civil suit alleges that Deborah Fogarty authorized the issuance of CBS checks to American Express business travelers' accounts monthly "in amounts far in excess of the amount due and invoiced for each month." Fogarty instructed American Express to credit her personal American Express account with \$1,439,060 and a second personal American Express account with \$393,969, the suit alleges.

According to the suit, Fogarty took \$231,841 in credit-card cash advances and spent \$55,028 on Disney Cruise trips and \$40,291 at Holiday Inn hotels.

She is alleged to have bought \$514,485 in jewelry from Lundstrom Jewelers and to have spent \$44,550 at J.C. Penney department stores and more than \$40,000 at Best Buy.

Among Fogarty's duties was paying invoices issued by American Express Travel Related Services Co. for authorized business expenses incurred by employees and charged to the CBS business travelers' accounts.

How She Did It: No “Paid” Stamp



Case 3: The Case of the Disorderly Orderly



How They Did It: Lack of IT Access Controls



Case 4: A Horse of Different Color



Rita Crundwell: Horsey Set



Rita Crundwell: Living Tall in the Saddle



How Could She Afford It?



How She Did It: No Independence Over Bank Reconciliation, Phony Invoices

Company Name				
Bank Reconciliation				
Bank: _____		Account No: _____		
As of _____				
	Balance		Disburse-	Balance
	<u>11/30/xx</u>	<u>Receipts</u>	<u>ments</u>	<u>12/31/xx</u>
Per bank.....	\$ 126,312.50	\$ 92,420.00	\$ 85,119.00	\$ 133,613.50
Add:				
Deposits in transit				
11/30 per book	\$ 5,600.00	\$ (5,600.00)		
12/31 per book		\$ 12,500.00		\$ 12,500.00
Deduct:				
Outstanding checks				
November (see list)	\$ 4,320.00		\$ (4,115.00)	\$ 205.00
December (see list)			\$ 6,110.00	\$ 6,110.00
Other Items:				
Bank charges not recorded			-5.01	5.01
Per books.....	<u>\$ 127,592.50</u>	<u>\$ 99,320.00</u>	<u>\$ 87,108.99</u>	<u>\$ 139,803.51</u>
Prepared by _____				
Date _____				

Case 5: The College of DuPlicity



College of DuPage

STANIS © 2015 CHICAGO ILLUSTRATION



College of DuPlicity

The Start of the Scandal



How He Did It: Lack of Asset Controls



Case 6: Case of the Copy Cat Caper



The Scheme / The Discovery



How He Did It: No Bid Contract



Case 7: The Case of the Jail Byrd[-Bennett]



The Case

SUN
TIMES

71° 7 mph

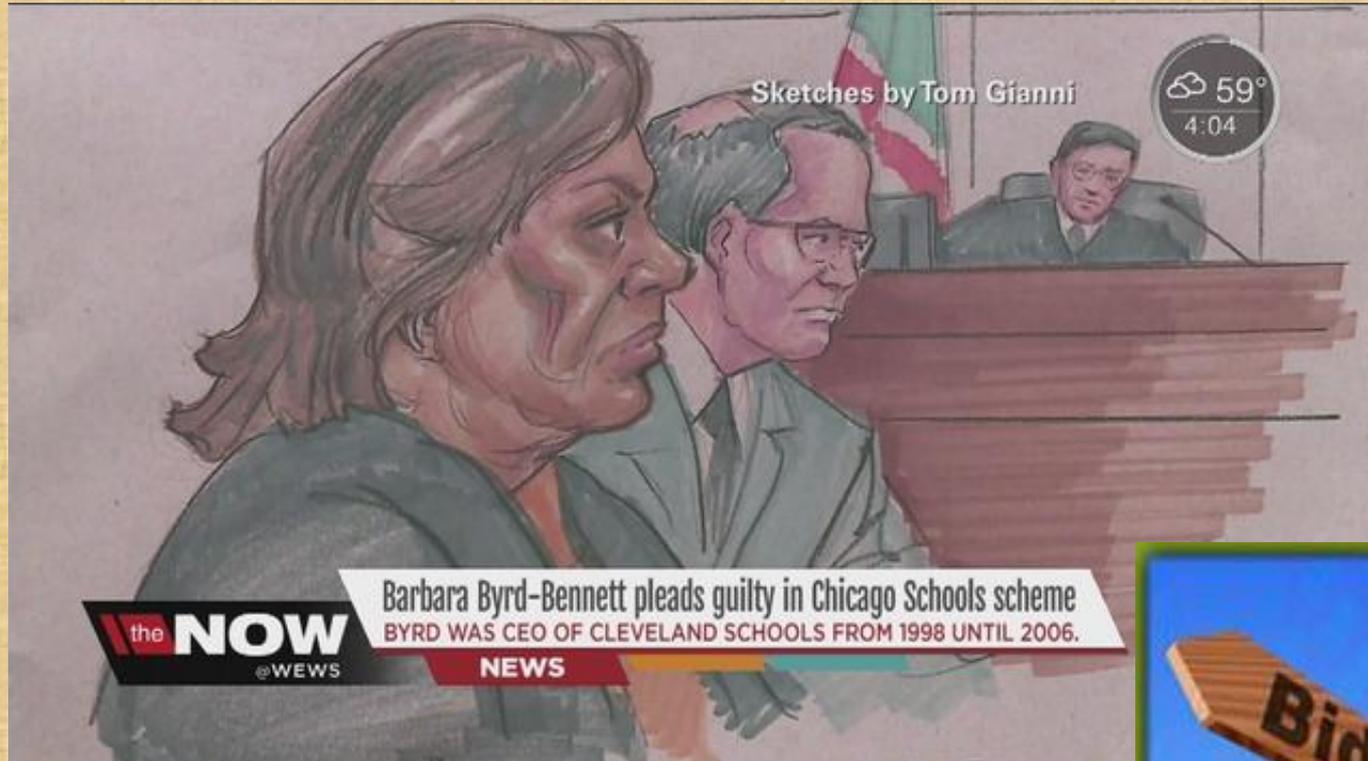
22 incidents
CHICAGO SUNTIMES

NEWS

FBI investigates \$20 million no-bid contract and CPS CEO's role in it



How She Did It: No Bid Contract



In Conclusion: 5 Final Thoughts

1. Don't overlook even the smallest of controls
2. Even the smallest controls can lead to big frauds
3. Fraudsters will devise ways to exploit an ignored control for their own advantage
4. Don't give the fraudsters that opportunity!

Final Thought #5:

